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GOVERNOR ANDREW M. CUOMO

**GOVERNOR CUOMO ANNOUNCES RESULTS OF NEW YORK AMERICAN WATER STUDY, TOGETHER WITH PLAN TO AVERT LOOMING RATE HIKE AND ESTABLISH A PUBLIC WATER AUTHORITY**

***Study Finds Municipalization of Long Island Water Company Feasible and Cost-Effective***

***State Legislature Called Upon to Remove Onerous Tax Burden Saddling Water Company Customers and Establish the "Nassau County Water Authority" to Potentially Own and Operate New York American Water's Assets***

Governor Andrew M. Cuomo today announced completion of a study on the feasibility of municipalizing all or part of New York American Water Company, Inc.'s Long Island assets and operations. The study determined that municipalization of New York American Water is both feasible and, under several scenarios, in the public interest.

"Customers of New York American Water have been unduly burdened with exorbitant rates for the water they use on a daily basis, driven largely by costs having nothing to do with the provision of water," **Governor Cuomo said.** "The study issued today shows how the dramatic tax burden locally is contributing to 30 to 50 percent of customer bills and provides stakeholders with a pathway to resolve this problem once and for all."

The 100-plus page study finds that the largest benefit of municipalizing NYAW is that the utility assets would become tax exempt. The primary recommendation made in the study was that the State Legislature act now to reduce the onerous property tax burden which is uniquely borne by the water company's customers and that a new public authority be established with the power to purchase or obtain through eminent domain all or parts of New York American Water's assets in Nassau County. Such an authority could decide to operate the assets itself, contract out its operation to established public water providers, or merge all or parts of them into existing public water providers.

Under the proposed legislation, special franchise property taxes of about \$30 million currently paid exclusively by NYAW customers — the main driver of NYAW's higher rates — would instead be spread among all utility customers, and if and when NYAW is municipalized the new public authority will pay no property taxes at all. Under both scenarios, NYAW customers would see a significant reduction in their combined water rates and property taxes, while others in affected property tax classes would see a modest increase in their tax burden as it would be evenly distributed among a much wider tax base. Municipalization makes financial sense even with an assumed cost of

publicly acquiring the company, completing near-term infrastructure improvements, and providing initial operating funds totaling nearly \$800 million.

On Feb. 3, 2021, Governor Cuomo directed Rory I. Lancman, Special Counsel for Ratepayer Protection at the New York State Department of Public Service, to commence and lead a municipalization feasibility study regarding Long Island's largest privately-owned water company, New York American Water Company, Inc., which has more than 120,000 customers on Long Island. The Special Counsel conducted three virtual public forums focused on NYAW's service areas, and heard from numerous elected officials, community leaders, and customers.

The Department is currently reviewing the sale of New York American Water to Liberty Utilities Co., another private utility. The Liberty proceeding has triggered strong local interest in reviewing options for potential public takeover of the system.

**Department of Public Service CEO John B. Howard said,** "From the outset, Governor Cuomo has been keenly interested in trying to lower the cost of water for these customers, and to Governor Cuomo's credit and perseverance, with the release of this study, a solution is at hand."

**Special Counsel for Ratepayer Protection Rory I. Lancman said,** "Governor Cuomo's charge was simple: will public water — in whole or in part — lower rates without compromising safety or service for New York American Water's customers? Our findings are that it will, under a variety of scenarios, coupled with the meaningful property tax reform the Governor is also proposing. A new Nassau County Water Authority will give decision makers the vehicle to make an informed judgement on how best to act on the study's findings."

New York American Water provides residential and non-residential metered and other water services as well as public and private fire protection services in parts of Nassau, Putnam, Sullivan, Ulster, Washington and Westchester counties. American Water has about 124,000 customers system wide.

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